

**GOVERNMENT OF TELANGANA  
ABSTRACT**

Industries & Commerce Department - Re-Organisation Act, 2014 - Demerger of Andhra Pradesh State Financial Corporation - Consent of Government to form Telangana State Financial Corporation - Orders - Issued.

---

**INDUSTRIES AND COMMERCE [IP & INF] DEPARTMENT**

G.O.MS.No. 26:

Dated:15.04.2015.

Read the following:-

- 1) Govt., Letter No.Spl.C.S/Ind. & Com. & CIP,.Mines/Peshi/Hyd., dt.06.05.2014.
- 2) From the Joint Secretary, Ministry of Finance, Department of Financial Services, New Delhi D.O.Lr.No.08/38/2014-IF-II dt.21-07-2014.

>><<

**ORDER:**

In the reference 1<sup>st</sup> read above, the Government have requested the Government of India for their approval for reorganization of Andhra Pradesh State Financial Corporation (APSFC) and to create a separate State Financial Corporation (SFC) for the State of Telangana.

2) In the reference 2<sup>nd</sup> read above, the Joint Secretary, GOI, Ministry of Finance, Department of Financial Services, New Delhi has stated that the matter relating to Demerger of APSFC has been examined in consultation with SIDBI. SIDBI has reported that they have no objection for Re-Organisation and the proposed demerger of APSFC into two State units respectively to serve better. The new entity may be by way of:

- Establishment of new SFC in new State under the provision of Sec.3 of SFCs (Amendment) Act, 2000.
- Establishment of Joint financial corporation under the provision of 3A of SFCs (Amendment) Act, 2000.
- Formation of a company by the new State to undertake the business of the Corporation in the State.
- Formation of a twin function Industrial Development Corporation as a company under the Companies Act for the new state.

3) The Government of India has further stated that during the transition phase, till a new Corporation/entity in Telangana is put in place, APSFC may have extended jurisdiction over the new State i.e. Telangana u/s. 46A of SFCs Act, 1951 for smooth operations, monitoring and recovery of dues from its assisted units. They have also informed that in terms of Section 70 of AP Re-Organisation Act, 2014, the Board of Directors of APSFC, with the previous approval of the Central Government can consider a scheme for reorganization proposal and undertake formation of new corporation for the State of Telangana. Accordingly, APSFC may formulate such a scheme in terms of Section 70 of the Act, inter alia, containing proposal for formation of the new Corporation for the State of Telangana, and transfer thereof of assets, rights and liabilities of APSFC to such entity. The proposal needs also to take care of transfer of shareholding of the stake holders including SIDBI along with its obligations under MoU entered into by APSFC with SIDBI on January 27, 2010 regarding revitalize/recapitalize and restructuring of SFC. The obligations of AP Government under the MoU shall be undertaken by the new State also. The draft Re- Organisation scheme/proposal may be forwarded by the Corporation to SIDBI to enable them to look into the transfer of shareholding / existing liability in respect of financial assistance / loan provided by IDBI, SIDBI, bond holders, Government Guarantees, etc and safeguard the Bank's interest.

(PTO)

::2::

4) In view of the above approval of Government of India and after careful examination, Government hereby decide to Create a separate State Financial Corporation for the state of Telangana.

5) The Commissioner of Industries, Telangana, Hyderabad and the Joint Managing Director, Andhra Pradesh State Financial Corporation(Telangana Unit), Hyderabad shall take necessary further action accordingly and furnish the necessary proposals for establishment of Telangana State Financial Corporation as per Section (3) of the State Financial Corporations, Act, 1951(Act No.63 of 1951).

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**K. PRADEEP CHANDRA  
SPECIAL CHIEF SECRETARY TO GOVERNMENT AND  
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To  
The Commissioner of Industries, Telangana, Hyderabad.  
The Joint Managing Director, A.P.State Financial Corporation(Telangana Unit),  
Hyderabad

**Copy to:.**

The Managing Director, A.P.State Financial Corporation, Hyderabad

P.S. to Prl. Secy. to Hon'ble Chief Minister.

P.S. to Hon'ble Minister (Industries)

P.S. to Chief Secretary to Government,

P.S. to Spl. Chief Secretary to Government & CIP., Ind & Com Dept.

Sf/Sc.

**//Forwarded::By order//**

**SECTION OFFICER**